

Message Text

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PAGE 01 BONN 13461 241429Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
DOE-15 STRE-00 /136 W
-----037035 242302Z /64

R 241410Z JUL 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 0512
USDA/FAS WASHDC
INFO EC COLLECTIVE
AMEMBASSY BERN
USMISSION GENEVA

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USEEC ALSO FOR EMBASSY; USMTN ALSO FOR USMISSION; FAS
FOR OYLOE AND STARKEY, STR

EO 11652: N/A
TAGS: EAGR GW
SUBJECT: POSSIBLE REQUEST FOR GATT-BOUND DUTY FOR
POPCORN

1. SUMMARY: BASED ON REQUESTS FROM GERMAN IMPORTERS AND
REVIEW OF THE RELEVANT FACTORS, EMBASSY SUGGESTS THE
US REQUEST THE EC TO REMOVE THE VARIABLE LEVY NOW
APPLICABLE TO POPCORN AND GRANT A ZERO DUTY BINDING.
END SUMMARY.

2. SEVERAL GERMAN IMPORTERS CONTACTED AGATTACHE OFFICE
ASKING THAT WE TAKE THE NECESSARY STEPS TO OBTAIN AN
EXEMPTION FROM THE VARIABLE IMPORT LEVY FOR POPCORN.
POPCORN IS PRESENTLY IMPORTED UNDER COMMODITY NUMBER
1005-929-00, THE SAME POSITION UNDER WHICH RE-
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GULAR CORN FOR FEED AND FURTHER PROCESSING IS IMPORTED
AND IS THEREFORE SUBJECT TO THE VARIABLE LEVY. PRESENTLY
THE VARIABLE LEVY AMOUNTS TO ABOUT DM 267/M.T.. DURING
THE 1977/78 IMPORT SEASON IT FLUCTUATED BETWEEN DM 220
AND 270/M.T.. THE CURRENT CIF PRICE FOR US POPCORN
IS ABOUT DM 750/M.T.. THE SUM OF CIF PRICE AND LEVY
AMOUNTS TO ABOUT DM 1,017/M.T. AND THUS SUBSTANTIALLY

EXCEEDS THE THRESHOLD PRICE FOR CORN, WHICH IS DM 534/M.T. FOR JULY. SINCE THE LEVY IS INTENDED TO PROTECT THE EC FARMER AT THE LEVEL OF THE THRESHOLD PRICE, IT CANNOT BE JUSTIFIED FOR A PRODUCT WHOSE PRICE AND USE DO NOT COMPETE WITH EC PRODUCTION OF CORN.

3. PRODUCTION OF POPCORN IN THE EC IS ALMOST NON-EXISTENT, ACCORDING TO OUR INFORMATION. PRODUCTION TRIALS IN ITALY REPORTEDLY FAILED TOTALLY BECAUSE OF TOO LOW YIELDS. STANDARD FEED CORN OF THE TYPE PRODUCED IN THE EC CANNOT POSSIBLY BE USED FOR POPPING. THEREFORE, ANY ALLEGED PROTECTION OF INTRA-EC PRODUCTION CANNOT BE CONSIDERED AS JUSTIFICATION TO MAINTAIN THE PRESENT HIGH LEVEL OF IMPORT CHARGES ON US POPCORN.

4. BECAUSE POPCORN IS GROUPED TOGETHER WITH OTHER CORN, OFFICIAL IMPORT STATISTICS FOR POPCORN ARE NOT AVAILABLE. BASED ON INFORMATION COLLECTED FROM GERMAN IMPORTERS, TOTAL US POPCORN SHIPMENTS TO THE FRG DURING THE 1977/78 SEASON ARE ESTIMATED AT 5,000 M.T.. IN ADDITION, MINOR QUANTITIES ESTIMATED AT LESS THAN 400 M.T. ARE IMPORTED FROM CERTAIN EAST BLOC COUNTRIES. THEREFORE, ANY POSSIBLE RELIEF FROM THE HIGH IMPORT LEVIES WOULD PRIMARILY BENEFIT US SHIPMENTS. FURTHERMORE, WITH A POSSIBLE COMPLETE ELIMINATION OF UNCLASSIFIED

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THE VARIABLE LEVY, WHICH PRESENTLY AMOUNTS TO 30-35 PERCENT OF THE CIF VALUE, DEMAND FOR POPCORN IS EXPECTED TO INCREASE.

5. ACCORDING TO OUR INFORMATION, SWITZERLAND HAS RECENTLY ESTABLISHED A SEPARATE TARIFF CATEGORY FOR POPCORN AND AT THE SAME TIME GREATLY REDUCED THE APPLICABLE IMPORT CHARGES.

6. EMBASSY, THEREFORE, RECOMMENDS WASHINGTON CONSIDER A FORMAL REQUEST TO THE EC FOR GATT-BOUND ZERO DUTY AS MTN REQUEST/OFFERS IN AGRICULTURE REMAIN TO BE SETTLED. MEEHAN

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